

DECISION MEMORANDUM

**TO: COMMISSIONER KJELLANDER
COMMISSIONER REDFORD
COMMISSIONER SMITH
COMMISSION SECRETARY
COMMISSION STAFF
LEGAL**

**FROM: WELDON STUTZMAN
DEPUTY ATTORNEY GENERAL**

DATE: NOVEMBER 14, 2011

**SUBJECT: IDAHO POWER COMPANY'S APPLICATION FOR AN ACCOUNTING
ORDER TO ESTABLISH RATEMAKING TREATMENT OF
QUALIFYING REPORTING ENTITY CONTRACTS, CASE NO. IPC-E-
11-21**

On October 31, 2011, Idaho Power Company filed a Petition requesting a Commission Order modifying and continuing ratemaking processes set forth in Commission Order No. 30941 issued November 5, 2009, regarding the voluntary qualified reporting entity (QRE) services the Company provides. The Company's Petition addresses accounting for renewable energy credits (RECs) through an independent inventory tracking system as recommended by the Western Energy Coordinating Council (WECC). The tracking system is the Western Renewable Electricity Generation Information System (WREGIS) and is designed to ensure that (1) only one REC is created for each megawatt-hour generated from a qualifying renewable energy project, (2) each individual REC is only used for one purpose, and (3) provide a system that allows both the generation units creating RECs and users of the RECs to communicate specific REC requirements. The WREGIS system does not track the financial value of the RECs but instead tracks the creation and disposition of the individual REC certificates.

The Company's Petition states that the WREGIS process requires that a party, independent from the owner of the renewable generation unit, supply WREGIS with the actual monthly megawatt-hour that a renewable generation unit has delivered. The independent party is

called a qualified reporting entity (QRE). Idaho Power has been approved as a QRE by the WREGIS administrator.

Idaho Power's identification as a QRE came about through a case resolved in front of the Oregon Public Utilities Commission in 2009. The Oregon Commission approved a memorandum of understanding between its staff and the utilities in which the utilities agreed to voluntarily provide QRE services for approximately two years so long as the cost to perform the services were fully compensated by the party requesting the QRE service.


In May 2009, Idaho Power filed a request with this Commission for approval of accounting and ratemaking treatment of expenses and revenues associated with providing voluntary QRE services as outlined in the agreement approved by the Oregon Commission. On November 5, 2009, this Commission issued an accounting Order approving the Company's proposed accounting and ratemaking processes through the two-year review process established in Oregon. The Commission also directed the Company to file an analytical report on the QRE services to facilitate the review of the above the line ratemaking treatment for those services. The Company's is attached to the Petition in this case.

Idaho Power in its Petition requests the Commission authorize the Company to continue the accounting and ratemaking treatment processes previously approved for an indefinite period of time. The Petition states that as of September 30, 2011, Idaho Power has 26 client contracts, 25 of which are for generator plants in Idaho, and 1 for a generator plant in Oregon. The Company requests Commission approval of its request to continue the processes related to the QRE services indefinitely with the following conditions, which have been approved by the Oregon Commission: (a) Idaho Power will notify the Commission and all entities using QRE services of its intent to discontinue providing voluntary QRE service 90 days in advance of the proposed discontinuance; and (b) Idaho Power will provide data regarding QRE service, subject to protection of confidential information, if requested by the Commission. The Company requests that its Petition be processed by Modified Procedure.

Staff recommends the Commission issue a Notice of Petition and Notice of Modified Procedure providing for a 21-day comment period to process the Company's Petition.

COMMISSION DECISION

Should the Commission issue a Notice of Petition and Notice of Modified Procedure, providing for a 21-day comment period, to process Idaho Power's Petition for an accounting Order to establish ratemaking treatment of qualifying reporting entity contracts?

A handwritten signature in black ink, appearing to read 'WBS', followed by a horizontal line.

Weldon B. Stutzman
Deputy Attorney General

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